



[SEC File No. 270-218, OMB Control No. 3235-0242]

Upon Written Request, Copies Available From:
Securities and Exchange Commission
Office of FOIA Services
100 F Street, NE,
Washington, DC 20549-2736

Proposed Collection; Comment Request

Extension: Rule 206(4)-3

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.), the Securities and Exchange Commission ("Commission") is soliciting comments on the collection of information summarized below. The Commission plans to submit this existing collection of information to the Office of Management and Budget for extension and approval.

Rule 206(4)-3 (17 CFR 275.206(4)-3) under the Investment Advisers Act of 1940, which is entitled "Cash Payments for Client Solicitations," provides restrictions on cash payments for client solicitations. The rule requires that an adviser pay all solicitors' fees pursuant to a written agreement. When an adviser will provide only impersonal advisory services to the prospective client, the rule imposes no disclosure requirements. When the solicitor is affiliated with the adviser and the adviser will provide individualized advisory services to the prospective client, the solicitor must, at the time of the solicitation or referral, indicate to the prospective client that he is affiliated with the adviser. When the solicitor is not affiliated with the adviser and the adviser will provide individualized advisory services to the prospective client, the solicitor must, at the time of the solicitation or referral, provide the prospective client with a copy of the adviser's brochure and a disclosure document containing information specified in rule 206(4)-3.

Amendments to rule 206(4)-3, adopted in 2010 in connection with rule 206(4)-5, specify

that solicitation activities involving a government entity, as defined in rule 206(4)-5, are subject to the additional limitations of rule 206(4)-5. In December 2020, the Commission adopted a single marketing rule which merged certain existing provisions of rule 206(4)-3 into amendments to rule 206(4)-1. In light of these 2020 amendments, the Commission has rescinded rule 206(4)-3, effective November 2, 2022. Notwithstanding the rescission of rule 206(4)-3, the Office of Management and Budget (the “OMB”) has requested that the Commission submit documents in connection with the extension of rule 206(4)-3 for the period covering February 28, 2022 to November 2, 2022, the effective date of the discontinuance of rule 206(4)-3.

To the extent that the OMB has requested this collection of information, the information rule 206(4)-3 requires is necessary to inform advisory clients about the nature of the solicitor’s financial interest in the recommendation so the prospective clients may consider the solicitor’s potential bias, and to protect clients against solicitation activities being carried out in a manner inconsistent with the adviser’s fiduciary duty to clients. Rule 206(4)-3 is applicable to all Commission-registered investment advisers. The Commission believes that approximately 3,829 of these advisers have cash referral fee arrangements. The rule requires approximately 7.04 burden hours per year per adviser and results in a total of approximately 26,956 total burden hours (7.04 x 3,829) for all advisers.

Please direct your written comments within 60 days to David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, C/O John R. Pezzullo, 100 F Street, NE, Washington, DC 20549; or send an email to: PRA_Mailbox@sec.gov.

Dated: December 1, 2021.

J. Matthew DeLesDernier,
Assistant Secretary.